



Wisconsin State Senate  
**RANDY HOPPER**

Senator - 18th District

Testimony in favor of AB 91

By Senator Randy Hopper

Prepared for the Assembly Committee on Jobs, the Economy and Small Business

Good morning Chairmen Molepske and other committee members. Thank you for holding a public hearing on Assembly Bill 91. As the senate author of this bill I am happy to come before you to testify in favor of this bill.

This legislation is very simple. It creates a tax credit for businesses that establish workplace wellness programs. Specifically, an employer can claim a tax credit equal to 30% of the amount that they pay in a taxable year to provide workplace wellness programs to their employees.

Employers have good reason to establish wellness programs and encourage a healthier workforce.

Studies show that obesity, tobacco use and stress are the most common hazards to health in the American workforce. In addition to the direct harm they cause to individual wellness, they also provoke many indirect issues related to health care.

Additionally, research has proven that establishing workplace wellness programs save the company and employee in healthcare costs. The company also benefits from a healthier workforce, greater productivity, and reductions in absenteeism.

However, the initial start up cost for these programs is more than some employers can afford. This credit will help offset the expenditures needed to establish these programs.

As legislators we should encourage healthy choices. If we have a healthy citizenry we will decrease the need for healthcare services and overall health care costs will go down.

I think we would all agree that there is no silver bullet to reducing health care costs. Real reductions will come through a series of changes, both private and through public policy that can lower costs over time. I think passing this legislation will be another good step down that road.

Thank you for allowing me to testify before you today. I would be happy to address any questions you may have at this time.



# JOHN MURTHA

STATE REPRESENTATIVE • 29<sup>th</sup> ASSEMBLY DISTRICT

May 12, 2009

State Representative Louis Molepske, Jr.  
Chairman, Assembly Committee on Jobs

RE: Assembly Bill 91 Testimony

Dear Chairman Molepske and Committee Members,

Thank you for the opportunity to submit this testimony regarding Assembly Bill 91, the Workplace Wellness Program Tax Credit.

As we all know, our health care system is in crisis. Wisconsin families are faced with ever-increasing insurance costs and healthcare expenses. While some health problems and unplanned medical expenses are a reality of life, we can take steps to improve overall health in Wisconsin, and to encourage healthy lifestyles. By utilizing this proactive approach to healthcare, we will thereby reduce the chances of a routine illness turning into a major medical problem or expense.

Workplace wellness programs have been shown to have widespread benefits, and to lead to substantial savings down the road. These programs address a variety of issues, including: stress management, weight management and nutrition education, worker-injury prevention, smoking cessation, and health and fitness programs. Employees who participate in wellness programs are generally healthier and happier, and are, as a result, more productive. Employers can realize savings by not having to cover the costs of as many sick days, and will reap the benefits of an overall improved work environment.

However, because of the initial start-up costs involved, many employers have a difficult time budgeting for a workplace wellness program. In order to assist those businesses, and encourage an investment in the health of our workforce, Assembly Bill 91 proposes a 30% tax credit for businesses that implement or expand wellness programs. Under the bill, there is an annual cap of \$5 million to the tax credit. It is also important to note that half of this capped-amount, \$2.5 million, would be reserved for employers with 50 or fewer employees, since small-businesses provide the majority of jobs in Wisconsin.

In conclusion, I believe that this tax credit offers a tool to address at least one aspect of our health care crisis. It is these kinds of proactive and sensible solutions that we need to both explore and encourage.

Sincerely,

State Representative John Murtha  
29<sup>th</sup> Assembly District



# WMC

WISCONSIN'S BUSINESS VOICE

To: Chairperson Louis Molepske, Jr.  
Members of the Assembly Committee on Jobs, the Economy and Small Business  
From: R.J. Pirlot, Director of Legislative Relations  
Date: May 12, 2009  
Subject: Support AB 91, creating an income and franchise tax credit  
for workplace wellness programs.

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Wisconsin Manufacturers & Commerce (WMC) respectfully requests you support AB 91.

WMC is a long-standing supporter of initiatives to reduce Wisconsin healthcare costs and to help preserve affordable access to high-quality health care. Rising healthcare costs are a major concern for businesses, big and small, as they strive to stay competitive and create and retain good, family-sustaining jobs. Two-thirds of the Wisconsin population is covered by employment-based health insurance, but rising healthcare costs are jeopardizing the ability of Wisconsin employers to offer good healthcare benefits to their workers.

In general, WMC supports patient-centered reforms aimed at increasing consumerism and competition to help keep healthcare costs under control. Consumers, given appropriate financial incentives to spur them to act and access to quality and outcome data on which to base their actions, are the surest way to stemming rising healthcare costs. As such, WMC supports a multi-faceted approach to healthcare reform. A key component of our healthcare reform agenda is encouraging Wisconsin businesses to promote living healthier lifestyles by their employees.

AB 91 would create an income and franchise tax credit for employers who institute workplace wellness programs for their employees. Under the bill, the amount of the tax credit would be 30 percent of the amount the employer pays to provide such a program. Programs such as smoking cessation, weight management, nutrition education and fitness incentives could qualify. The bill would limit the amount of credits which could be claimed, annually, to \$2.5 million for businesses with 50 or fewer employees and \$2.5 million for businesses with more than 50 employees.

WMC urges your support for AB 91 because we believe that one way we can collectively help allay rising healthcare costs is for all of us to start leading better, healthier lifestyles. Heart disease, cancer and stroke are often cited as the leading "causes" of death in the United States. But why do people suffer these conditions? Tobacco use, poor diet and a lack of regular exercise, and excess alcohol consumption are primary reasons why people suffer these conditions.

In Wisconsin, unfortunately, we tend to be a bit heavier and smoke a bit more than the national average. According to recent surveys, over one in five Wisconsin adults are cigarette smokers, nearly two in three are overweight or obese, and nearly one in five Wisconsin adults engaged in no leisure-time physical activity in the past month. How we live our lives matters, in terms of avoiding healthcare problems and their associated costs, both physical and financial. For

example, a recent national study concluded that by implementing a program combining smoking cessation, weight management, moderate physical activity and a healthier diet, U.S. adults could prevent the incidence of:

- 90 percent of Type II diabetes,
- 80 percent of coronary artery disease,
- 70 percent of strokes, and
- 70 percent of colon cancers.

In summary, we all need to avoid tobacco, be physically active and eat right. Healthier lifestyles – coupled with early detection of diseases – can play a significant role in preventing heart disease, diabetes, high blood pressure, many cancers, memory loss and more. How we live matters, both in terms of our physical health and the healthcare costs we incur. Preventing health problems is one of the few known ways to stem rising healthcare costs. Smart employers are getting serious about wellness and prevention programs, helping to have healthy, productive workers . . . ones, hopefully, who will incur lower healthcare costs. AB 91 would provide an additional incentive for employers to invest in workplace wellness programs.

As such, Wisconsin Manufacturers & Commerce respectfully requests you support AB 91.



# State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK RD. • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933  
PHONE (608) 266-6466 • FAX (608) 266-5718 • <http://www.revenue.wi.gov>

**Jim Doyle**  
Governor

**Roger M. Ervin**  
Secretary of Revenue

## Assembly Committee on Jobs, the Economy and Small Business Hearing, May 12, 2009

### AB 91 – Credit for Workplace Wellness Programs (Rep. Murtha)

#### Description of Current Law and Proposed Change

The bill would create a non-refundable income and franchise tax credit for employers who provide a workplace wellness program for their employees. A workplace wellness program is a health or fitness program, as defined by administrative rule by the Department of Commerce, where employees are provided with health risk assessments. The services included in a workplace wellness program include smoking cessation, weight management, stress management, worker injury prevention programs, nutrition education, or health or fitness incentive programs. For workplace wellness programs that the claimant first provides after December 31, 2009, the credit would be equal to 30 percent of the amount that an employer pays in the taxable year to provide a workplace wellness program to any of the employer's employees who are employed in this state, not including any amount paid to acquire, construct, rehabilitate, remodel, or repair real property. For workplace wellness programs that the claimant provided prior to January 1, 2010, the credit would be equal to 30 percent of the increase in the claimant's expenditures related to expanding the workplace wellness program, not including any amount paid to acquire, construct, rehabilitate, remodel, or repair real property. The credit may be claimed for three years.

Under the bill the maximum amount of credit that may be claimed by all claimants is \$5 million per taxable year, with \$2.5 million per year being allocated to businesses with 50 or fewer employees and \$2.5 million per year being allocated to businesses with more than 50 employees. The business could claim the credit for three years.

The credit would be available for tax years starting on or after January 1, 2010. Unused credit amounts would be allowed to be carried forward for 15 years.

#### The Department of Revenue has submitted the following technical comments to the author

Given that taxpayers may have taxable years that differ from the calendar year, it is possible that the amount of credit claimed in a year could exceed the maximum in the bill solely because of overlap in taxable years among claimants. It is unclear what action the Department should take if this were to happen. The author may wish to pursue one of two options:

- If the intent is to limit the fiscal effect of the bill, the limit is accomplished through the Department of Commerce's allocation of the credits up to the annual maximum. Administration of the credit will be easier if the word "claimed" is changed to "allocated" in s. 71.07 (5n)(c)1., 71.28 (5n)(c)1., and 71.47 (5n)(c)1.

- Alternatively, the limits in s. 71.07 (5n)(c)1., 71.28 (5n)(c)1., and 71.47 (5n)(c)1. could be removed since the limits are also contained in s. 560.208(2).

The word "health" is misspelled in s. 71.07(5n)(a)2. (page 2, line 12), 71.28(5n)(a)2. (page 5, line 8) and 71.47(5n)(a)2. (page 8, line 5).

Contact: Sherrie Gates-Hendrix, (608) 267-1262

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